

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:

**ADVANTAGE ENERGY JOINT
VENTURE,

Debtor.**

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**Case No. 17 34469

CHAPTER 11**

NOTICE OF FILING REVISED WATERFALL

PLEASE TAKE NOTICE THAT the Trustee intends to seek approval of the New Waterfall Analysis (Revised) attached hereto, at the Sale Hearing on December 19, 2018 at 3:00 p.m.

Respectfully submitted,

/s/ Trent L. Rosenthal

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**COUNSEL FOR LORETTA CROSS,
CHAPTER 11 TRUSTEE**

Certificate of Service

The undersigned, an attorney, hereby certifies that a true and correct copy of this Notice of has been electronically served on this 18th day of December, 2018, through the Court's ECF Filing System on all counsel of record who are registered to receive ECF notices in this case and the U.S. Trustee.

/s/ Trent L. Rosenthal

Trent L. Rosenthal

Advantage Energy JV Trustee**Waterfall Analysis***In U.S. Dollars*

Gross Proceeds from Sale		
Asset Sale	\$	5,500,000
Costs Associated with Liquidation:		
U.S. Trustee Fees		55,325
AEJV Wind-Down Costs		15,000
Chapter 11 Professional Fees:		
Financial Advisor Fees		53,334
Attorney's Fees: T. Rosenthal		130,000
Attorney's Fees: T. Draper		25,000
Chapter 11 Trustee Fees		156,640
Total Estimated Liquidation Costs		435,299
Estimated Net Proceeds Available for Distribution		5,064,701
Claims with Security Interest :		
Ad Valorem Taxes ¹		666,383
Louisiana Parish Sales Taxes as of November 30, 2018		63,638
Monthly Sales Tax - December 2018 ²		15,000
Total Claims with Security Interest		745,021 *
Red River Payment Obligations ³ :		
Payroll		162,300 **
Freight		3,150
Red River Wind-Down Costs, Payable to T. Draper		25,000 ***
Total Red River Payment Obligations		190,450
Net Proceeds Available for Distribution to Equipment Lenders⁴	\$	4,129,229

These amounts are estimated based on information provided by management. Therefore, actual amounts paid at closing may differ from those presented above.

¹ Property taxes are the responsibility of Red River. However, since property taxes have a secured claim they have been included in this waterfall analysis. A portion of these property tax payments will be passed along to Red River's customers, generating new receivables for Red River. These receivables are estimated to total approximately \$130,000, which will ultimately be recouped by the payors of these tax obligations.

² This amount represents the estimated sales tax obligation incurred in December 2018. Based on discussions with management, monthly sales taxes are paid one month in arrears. Prior to the Closing Date, Red River may realize sufficient accounts receivable collections to pay the \$15,000 obligation with operating cash flow. In the interest of conservatism and to avoid speculation, however, it is assumed that these amounts will be paid from the equipment sale proceeds. As such, these taxes are included in the above schedule, reducing the net proceeds available for distribution to the equipment lenders.

³ Any and all available cash on hand at Red River will first be applied to the payment of these expenses. The expenses are included in this waterfall analysis, in full, to conservatively estimate the net proceeds available for distribution to the Equipment Lenders. Notwithstanding the foregoing, Red River's obligation to use cash on hand at closing shall not apply to:

- (i) any payroll obligations associated with periods of time on or after the Closing Date; or
- (ii) any amounts, including without limitation amounts related to pre-Closing Date operations, that first come due on or after the Closing Date. None of Red River's cash on hand as of the Closing Date, if any, is being sold.

⁴ Allocation of proceeds between the equipment lenders is still subject to open discussion at this time.

* The allocation of these tax claims to the Wood Forest and Verde Net Proceeds is subject to later determination by the Court or agreement of the Parties.

** The Seller's regular monthly payroll period will close on December 23, 2018, amounting to \$79,415. It is required that this amount be paid with existing cash on hand by December 26, 2018. Additionally, the Buyer has indicated its intent to assume the Seller's existing Paychex payroll contracts, including accrued benefits, for those employees whom the Buyer intends to keep. If this remains true, the amount attributable to the assumed Paychex contracts is \$26,937.

*** The assignee of the Green Bank collateral proceeds has agreed to fund Red River's legal fees incurred in relation to winding down Red River's operations after the sale closes, up to a maximum amount of \$25,000.